



IRA A. JACKSON  
COMMISSIONER

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
*Leverett Saltonstall Building*  
*100 Cambridge Street, Boston 02204*

February 15, 1984

You request a ruling as to the application of the sales tax to charges made for the lease of a tractor from ("Company"). You state that one of your customers leases a tractor from the Company on an annual basis. The charges are based on the number of miles the tractor is used and are billed monthly. The leasing contract provides for a guarantee of 40,000 miles of use per year. In 1983 the customer only used the tractor for 20,000 miles. The Company sent a bill to the customer for the 20,000 miles not used. You wish to know whether the charge for the mileage not used is subject to the sales tax.

Chapter 64H, Section 1(12)(a) of the General Laws defines a sale as a transfer of title or possession, including a lease or rental. The sales price subject to sales tax is the total amount paid as consideration. (G.L. c. 64H, § 1(14)).

Based on the foregoing, it is ruled that the Company's entire charge for the lease of the tractor is subject to the sales tax.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Ira A. Jackson", written over the printed name of the Commissioner of Revenue.

Commissioner of Revenue

IAJ:JES:mf

LR 84-17